

## Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04

/111 W

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R 260856Z AUG 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 6909

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E.O.11652: N/A

TAGS: ETRD, SP

SUBJECT: HOST COUNTRY CONTROL ON EXPORTS

REF: STATE 148224

1. SPAIN DOES NOT LEVY EXPORT DUTIES.

2. FROM TIME TO TIME SPAIN HAS RESORTED TO THE USE OF EXPORT RESTRICTIONS EMPLOYING EITHER EMBARGOES OR QUOTAS. IN EVERY CASE OF WHICH WE ARE AWARE IN RECENT YEARS, AND THESE ARE THE ONES ON THE LIST MENTIONED IN REFTEL, SUCH RESTRICTIONS HAVE BEEN SOLELY FOR THE PURPOSE OF ASSURING ADEQUATE SUPPLIES FOR THE DOMESTIC MARKET. IN SOME CASES THEY HAVE BEEN OCCASIONED BY SHORTFALLS IN DOMESTIC SUPPLY. BECAUSE SPAIN HAS A SYSTEM OF PRICE CONTROLS, IT ALSO SOMETIMES HAPPENS THAT HIGHER WORLD PRICES THREATEN, AS WAS THE CASE WITH NITROGENOUS FERTILIZERS IN 1975, TO TRIGGER A VOLUME OF EXPORTS FROM SPAIN WHICH WOULD LEAVE AN INADEQUATE

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AMOUNT FOR DOMESTIC USERS. NONE OF THE EMBARGOES LISTED

BY THE DEPARTMENT IS STILL IN EFFECT. THE QUOTE ON RICE EXPORTS STILL EXISTS AND IS LIKELY TO BE MAINTAINED SO LONG AS THE GOS BELIEVES IT NECESSARY TO ASSURE DOMESTIC SUPPLIES OF THIS STAPLE COMMODITY. ITS RESTRICTIVE EFFECT VARIES WITH THE RELATIONSHIP BETWEEN THE CONTROLLED DOMESTIC PRICES AND WORLD PRICES.

40,000

METRIC TONS OF MILLED RICE WERE AUTHORIZED IN CY 1975.

3. SPAIN HAS A LICENSING SYSTEM FOR BOTH IMPORTS AND EXPORTS PRINCIPALLY TO EXERCISE CONTROL OVER THE FLOW OF FOREIGN EXCHANGE AND TO A LESSER EXTENT FOR STATISTICAL PURPOSE. WE KNOW OF NO INSTANCE WHERE THE GOS HAS MANIPULATED THE GRANTING OF EXPORT LICENSES SO AS TO ENCUMBER TRADE. SPAIN DOES NOT HAVE A MULTIPLE EXCHANGE RATE SYSTEM.

4. THE MARKETING OF TOBACCO BOTH DOMESTICALLY AND INTERNATIONALLY IS A TRADITIONAL MONOPOLY OF THE SPANISH STATE. THE PURPOSE IS THE RAISING OF REVENUE. IT IS THE ONLY EXPORT ITEM UNDER A STATE MONOPOLY.

5. WE KNOW OF NO INSTANCES WHERE EXPORTS HAVE BEEN CONTROLLED TO MEET CONTRACT OBLIGATIONS BETWEEN THE GOS AND A MULTI-NATIONAL CORPORATION.

6. THE ONLY INSTANCE IN THE LAST THREE YEARS WHEN THE EMBASSY WAS CONTACTED REGARDING SPANISH EXPORT RESTRICTIONS OCCURRED IN SEPTEMBER 1974. A NEW YORK INTERMEDIA WHO HAD SOLD A SHIPMENT OF SPANISH FERTILIZERS TO A THIRD COUNTRY BUYER, POSSIBLY UNAWARE OF THE SPANISH EMBARGO, AND THEN SOUGHT THE EMBASSY ASSISTANCE TO OBTAIN RELEASE OF THE FERTILIZER TO MEET HIS CONTRACTUAL OBLIGATIONS. WE WERE NOT ABLE TO ACCOMMODATE THE U.S. FIRM.

7. SPAIN HAS A CONSISTENT TRADE DEFICIT AND HAS EVERY REASON TO ENCOURAGE THE GROWTH OF EXPORTS. WHICH THE GOS ACTIVELY DOES, AND LITTLE REASON EXCEPT

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DOMESTIC SUPPLY CONSIDERATIONS TO RESTRICT THEM. THE GOS IS NOT LIKELY TO BE WILLING TO NEGOTIATE AWAY THIS PREROGATIVE. STABLER

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